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December 13, 1996

VIA UPS OVERNIGHT EXPRESS

Mr. William F. Caton
Office of the Secretary
Federal Communications Commission
Room 222
1919 M Street, N.W.
Washington, DC 20554

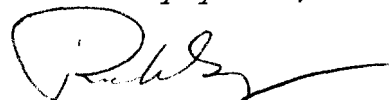
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In the Matter of
Federal-State Joint Board on
Universal Service, CC Docket No. 96-45

Dear Mr. Caton:

Enclosed are an original and four copies of the Comments of Virginia's rural telephone companies to the Federal-State Joint Board's Recommended Decision, adopted November 7, 1996. We would appreciate your passing these Comments to the Commission.

Sincerely yours,



Richard D. Gary

RDG/tms

Enclosure

cc: Parties on Attached Service List
International Transcription Service
Mr. Ralph L. Frye

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Before the
FEDERAL COMMUNICATIONS COMMISSION

Washington, DC 20554

In the Matter of

Federal-State Joint Board
on Universal Service

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CC Docket No. 96-45

COMMENTS OF VIRGINIA'S RURAL TELEPHONE COMPANIES

These Comments are filed on behalf of a group of Virginia rural telephone companies and cooperatives ("Companies")^{1/} pursuant to the Federal-State Joint Board's Recommended Decision, adopted November 7, 1996 ("Recommended Decision").

The Companies are, by definition, "rural telephone companies" (pursuant to 47 U.S.C. § 153(37)) and "eligible telecommunications carriers" (pursuant to 47 U.S.C.

^{1/} The Companies sponsoring these Comments are:

Amelia Telephone Corporation
Buggs Island Telephone Cooperative
Burke's Garden Telephone Company
Citizens Telephone Cooperative
Clifton-Forge Waynesboro Telephone Company
Highland Telephone Cooperative
MGW Telephone Company
New Castle Telephone Company
New Hope Telephone Company
North River Telephone Cooperative
Pembroke Telephone Cooperative
Peoples Mutual Telephone Company
R&B Telephone Company
Scott County Telephone Cooperative
Shenandoah Telephone Company
Virginia Telephone Company

214(e)). As to rural telephone companies, the Federal-State Joint Board has proposed in its Recommended Decision, among other things, that (1) the Federal Communications Commission ("Commission") retain the current study areas of rural telephone companies as their service area (Recommended Decision, ¶¶ 6 and 172) and (2) initially base the level of support for rural telephone companies on embedded costs for three years at the historical per-line amounts times the appropriate number of lines at the end of each year and thereafter allow a three year transition period to the level of support determined through proxy cost models (Id. ¶ 7). The Companies believe these recommendations are appropriate and reflect a proper balance in determining the universal service support for rural companies. The Companies believe the Commission should adopt there recommendations.

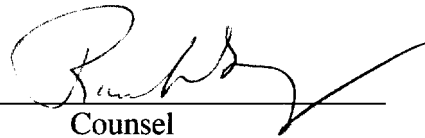
The Companies, however, take exception to the Joint Board's recommendation to exclude so-called "second" residential connections from universal fund support (Recommended Decision, ¶¶ 89-90). This proposal would be most difficult to administer when the second connection is the only connection at the residence because 1) it will require each Company to query individually each customer as to the status of his or her residential connection in the Company's service territory, 2) it requires constant updating of this information if there is to be any hope of maintaining accuracy given that today's second connection may be tomorrow's principal residential connection (e.g. household re-location, divorce, new occupants and so forth) and 3) it ignores the existing obligation on the Companies to provide service at non-compensable rates without regard to whether the service is to the principal household or to a second household. Moreover, billing accounts in different family members' names will add another level of confusion in administering this

recommendation. For these reasons, the Commission should not adopt this recommendation to exclude from universal service funding so-called second residential connections when that connection is the only connection at that premises.

WHEREFORE, the Companies recommend the Commission include in its Order in this proceeding findings consistent with these Comments.

Respectfully submitted,

VIRGINIA'S RURAL TELEPHONE
COMPANIES

By 
Counsel

Date: December 16, 1996

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A handwritten signature in black ink, appearing to read "Lori Wright", is written over a horizontal line.

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December 13, 1996 8:30am